

Message Text

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ACTION ARA-10

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P 151920Z MAY 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 5150

C O N F I D E N T I A L LIMA 3989

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EO 11652: GDS

TAGS: ENRG,EGEN,EINV,PFOR,PE

SUBJ: OXY MANAGEMENT CONCERNED ABOUT GULF EXPROPRIATION

REFS: STATE 112034, LIMA 3973, LIMA 3839, LIMA 3858

1. OXY MANAGER JANSEN CALLED EMBASSY OFFICER URGENTLY MAY 14 TO DISCUSS POSSIBLE IMPLICATIONS FOR HIS COMPANY OF GULF EXPROPRIATION. JANSEN SAID HE HAD SPENT BETTER PART OF MORNING OF MAY 14 ON PHONE TO HIS HEADQUARTERS AND THAT HIS MANAGEMENT IS "QUITE CONCERNED" OVER PROSPECTS FOR HIS COMPANY IN PERU. JANSEN SAID HE UNDERSTOOD POSSIBILITY THAT GOP MAY HAVE BEEN POLITICALLY MOTIVATED TO INDULGE IN WAVING THIRD-WORLD BANNER AGAINST MNC'S, BUT THAT GOP IS COURTING SERIOUS TROUBLE WITH OTHER OIL COMPANIES HERE BY SUCH AN ACT AGAINST ONE OF THE "MAJORS" IN THE PETROLEUM INDUSTRY. JANSEN TOLD EMBASSY THAT OXY MANAGEMENT WOULD NOT MAKE ANY HASTY JUDGMENTS ABOUT ITS FUTURE PROSPECTS, BUT HIS HEADQUARTERS HAD BEEN SHOCKED BY ACTION AGAINST GULF AND WILL CONSIDER VERY CAREFULLY WHETHER TO PROCEED AS THEY HAD PLANNED. HE REITERATED, HOWEVER, THAT TO DATE NO DECISIONS HAD BEEN MADE AND HE WAS NOT FORECASTING A CHANGE IN OXY'S INVESTMENT PLANS IN PERU.

2. EMBASSY OFFICER TOOK OCCASION TO MENTION CASEY-SHEPARD CONVERSATION OF MAY 2 (STATE REFTTEL), TO WHICH JANSEN REPLIED HE WAS PLEASED THAT EX-IM IS INTERESTED,
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BUT ADDED THAT OXY IS STILL HAVING TROUBLE FINDING THE

MONEY FOR THE SPUR AND THE GULF EXPROPRIATION WOULD "CERTAINLY NOT ASSIST IN THIS ENDEAVOR." JANSEN ALSO MENTIONED THAT PETROPERU HAS NOW REQUESTED OXY TO REPLY IN WRITING TO PETROPERU'S \$6.81 PER BBL. THRU-PUT OFFER WHICH WAS MADE TO OXY VERBALLY. SINCE IT WAS NOT EVER REDUCED TO WRITING, OXY DOES NOT EVEN KNOW THE EXACT FORMULA PETROPERU HAS EMPLOYED IN ARRIVING AT THIS FIGURE AND IS THEREFORE IN A QUANDARY AS TO HOW TO PROCEED.

3. COMMENT: JANSEN WAS ALREADY CONCERNED LAST WEEK ABOUT OXY'S PROSPECTS. NOW, FOLLOWING THE GULF EXPROPRIATION, HIS LEVEL OF CONCERN HAS INCREASED EXPONENTIALLY. HE TOLD THE EMBASSY OFFICER THAT IF HE HAD HIS WAY OXY WOULD PULL OUT NOW, ALTHOUGH HE WAS CERTAINLY NOT RECOMMENDING THIS COURSE TO HEAD-QUARTERS YET. FURTHER, HE IS NOT PRIVY TO NOR RESPONSIBLE FOR THE OVERALL FINANCIAL OPERATIONS OF THE BRANCH, WHICH IS THE RESPONSIBILITY OF DAVID MARTIN, THE PRESIDENT OF OXY'S PERU SUBSIDIARY. WHEN MARTIN RETURNS TO PERU, WE MAY BE IN A BETTER POSITION TO ASSESS THE LEVEL OF OXY'S CONCERN AND THE PROSPECTS FOR A FAVORABLE SOLUTION TO THE SPUR FINANCING AND THRU-PUT PROBLEMS.
DEAN

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